U.S. Army Accessions Command

First Handshake to First Unit of Assignment

State of the Youth Market

8 October 2003

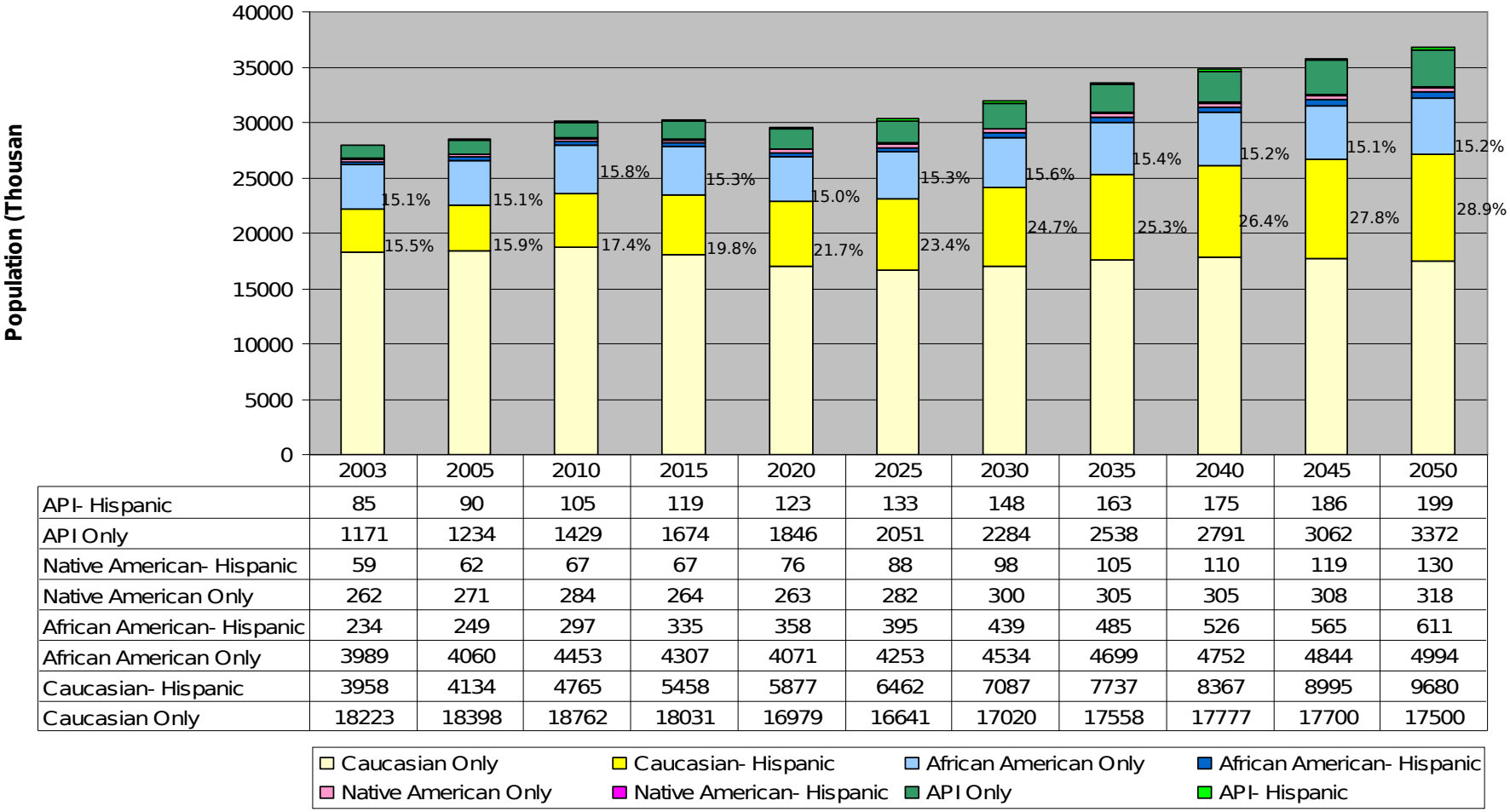
Agenda

- **The Youth**
  - **Demographics**
  - **Attitudes**
  - **Propensity**
- **Influencers**
  - **Family and Friends**
  - **Educational, Economic, Social, Political Environments**
- **Competitive Situation**
  - **DoD,**
  - **College,**
  - **Industry**

Youth Market

Race/Ethnic Population Estimates
18-24 Year Olds

- African American market grows slightly
- Major growth in Hispanic market
- Caucasian market decreases slightly

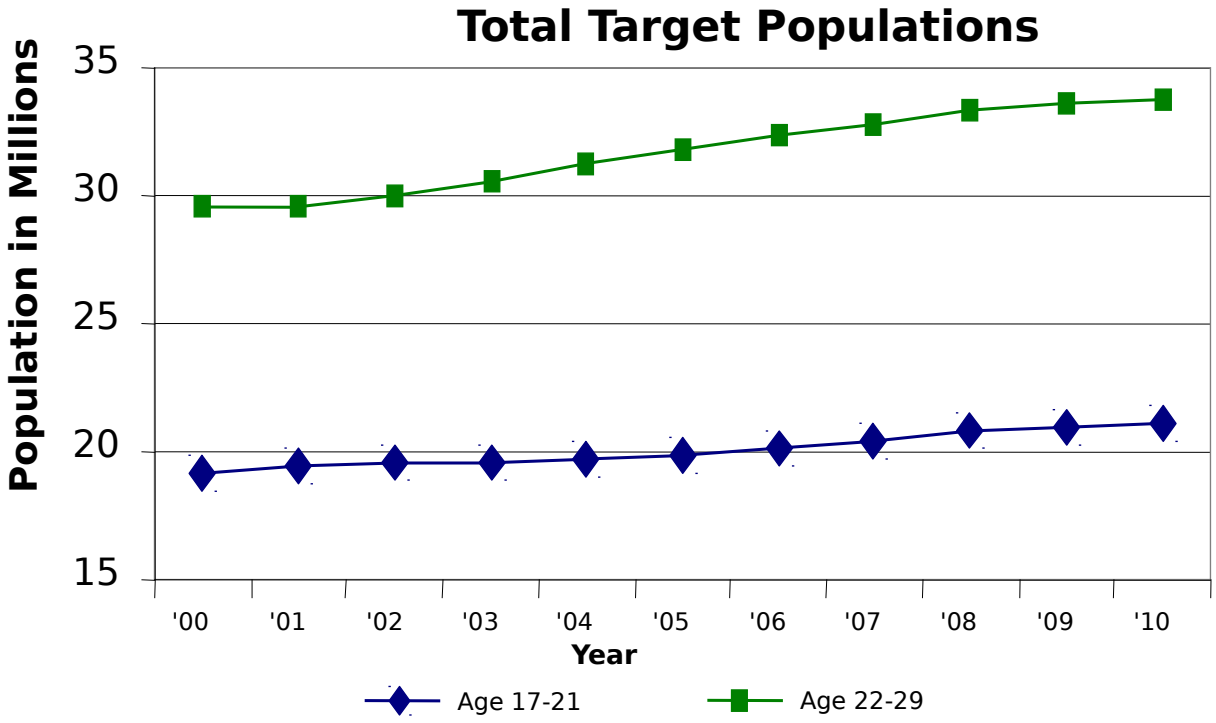


	2003	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
API- Hispanic	85	90	105	119	123	133	148	163	175	186	199
API Only	1171	1234	1429	1674	1846	2051	2284	2538	2791	3062	3372
Native American- Hispanic	59	62	67	67	76	88	98	105	110	119	130
Native American Only	262	271	284	264	263	282	300	305	305	308	318
African American- Hispanic	234	249	297	335	358	395	439	485	526	565	611
African American Only	3989	4060	4453	4307	4071	4253	4534	4699	4752	4844	4994
Caucasian- Hispanic	3958	4134	4765	5458	5877	6462	7087	7737	8367	8995	9680
Caucasian Only	18223	18398	18762	18031	16979	16641	17020	17558	17777	17700	17500

Source: US Census Bureau

Prime Market

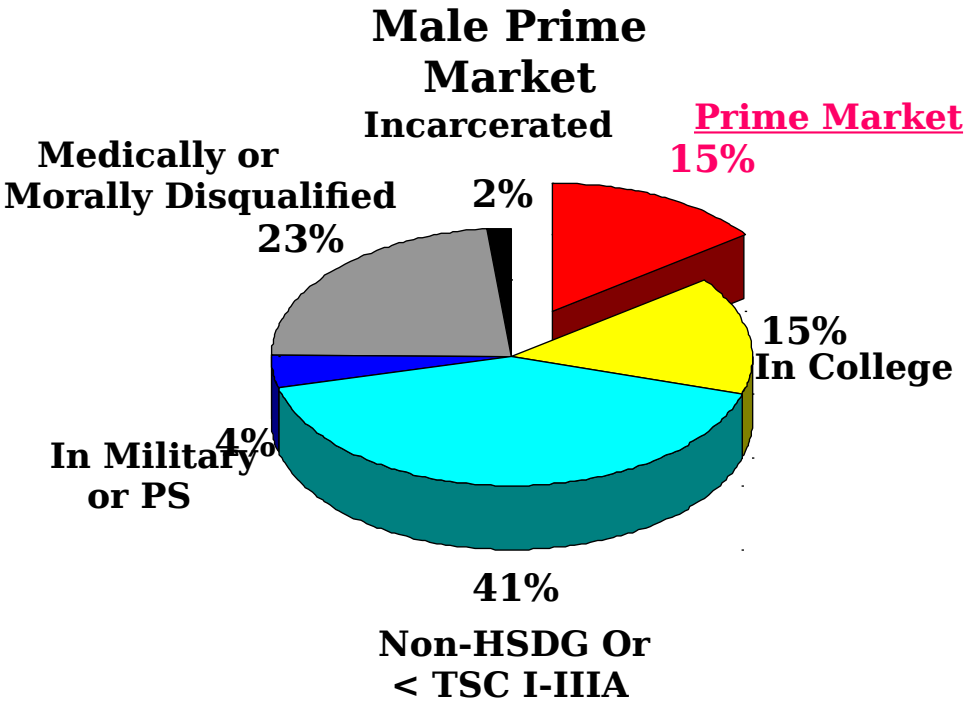
- Total Target Pop Size: 19.6M 17-21 yr olds; and 30.6 M 22-29 yr olds. (50-50% male/female split)
- Projected Growth: By 2008 17-21 yr old pop will increase by 1.2M (+6%); 22-29 yr old pop will increase by 2.7M (+9%).
- Male vs. Female "Prime Market": Female PM is larger. (Even though more females are in college and more are medically/morally disqualified, fewer of them are educationally disqualified)

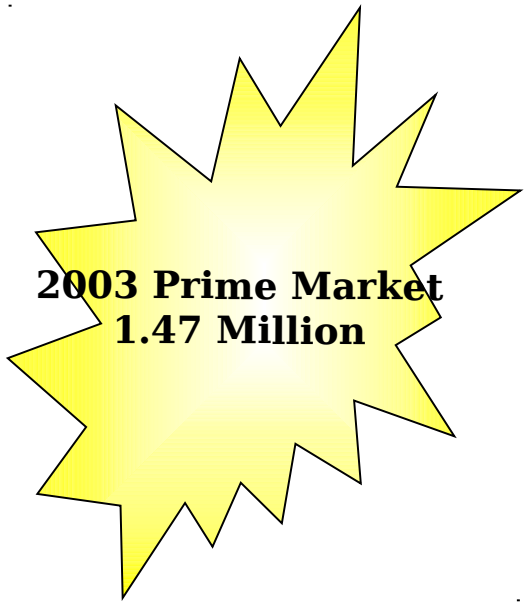


Source: Woods & Poole

Prime Market

- Growth and Propensity: Although population is growing, more youth are continuing to college and military propensity among them is declining.
- Educationally Qualified Population: (Qualified Military Available) 16.8M 17-21 yr olds; and 24.0M 22-29 yr olds. (QMA = non-high school drop-outs)
- Qualified and Propensed Segment: Population increase won't necessarily create a larger pool of qualified *and* propensed applicants.





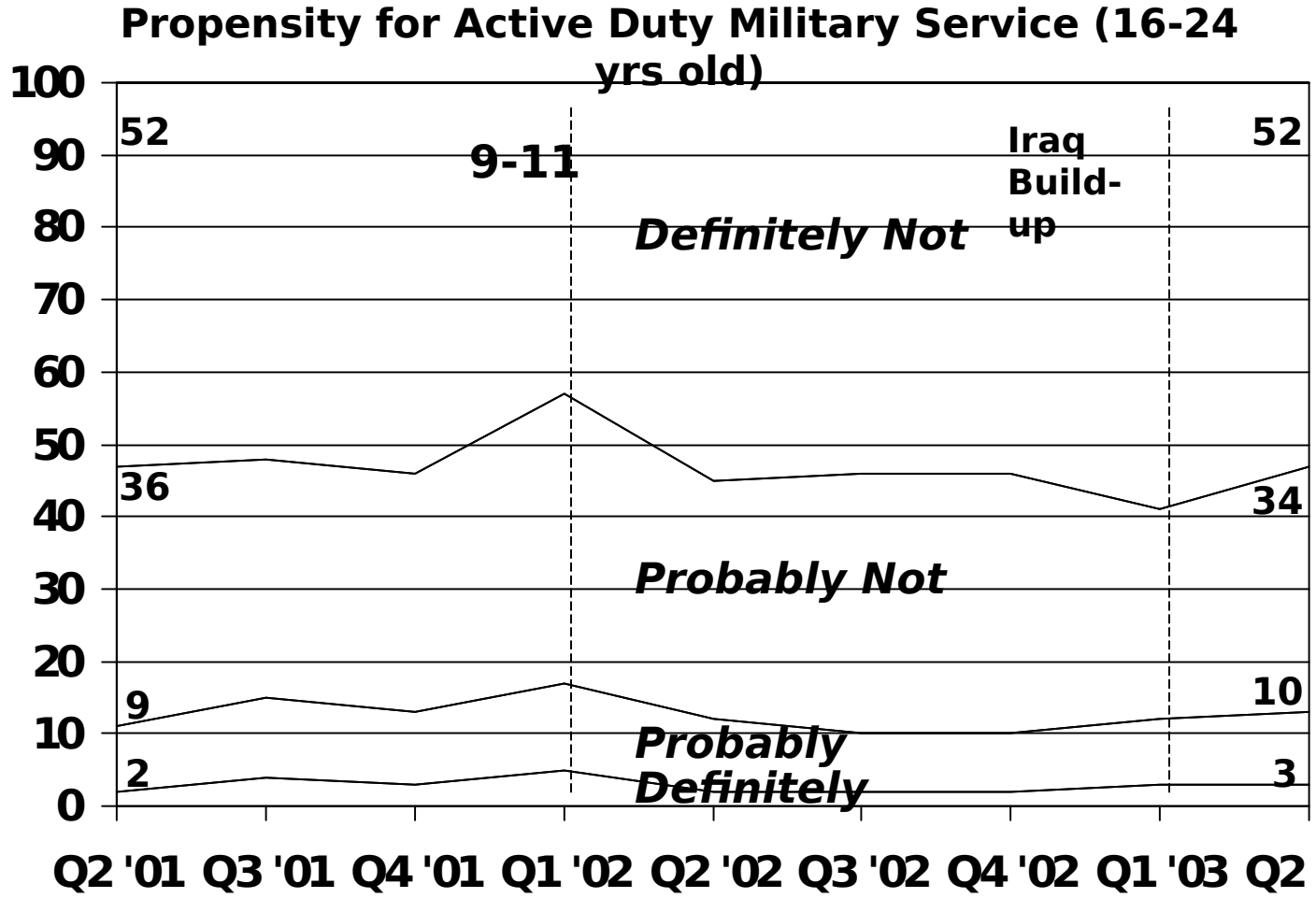
Youth Attitudes

- 9 in 10 say they are “Happy,” “confident,” and “positive”
- Optimistic
  - Decreasing worry about violence, sex, or drugs
  - Suicide rates falling
  - Believe growing up easier for them then their parents
- Team Players
  - Gravitating to group activities
  - Believe “Selfishness” is a major cause of problems in the country
  - Believe in their own collective power
- Accept Authority
  - Identify with their parents’ (current) values
  - Trust and feel close to their parents
  - Half believe that a lack of parental discipline is a major social problem
  - Majority favor tougher rules against misbehavior in the classroom and society at large
- Follow Rules
  - Declining youth crime, teen pregnancy, and abortion rates

Sources: Millennials Rising; Barna Research Group; Federal Interagency Forum on Child and Family Statistics (America’s Children ‘03)

Propensity

After an increase in negative propensity during Q1 ’03, as the events leading up to the war unfolded, propensity returned to normal levels in Q2.



Source: Millward Brown Young Adults and Influencers Q2 2003 Topline

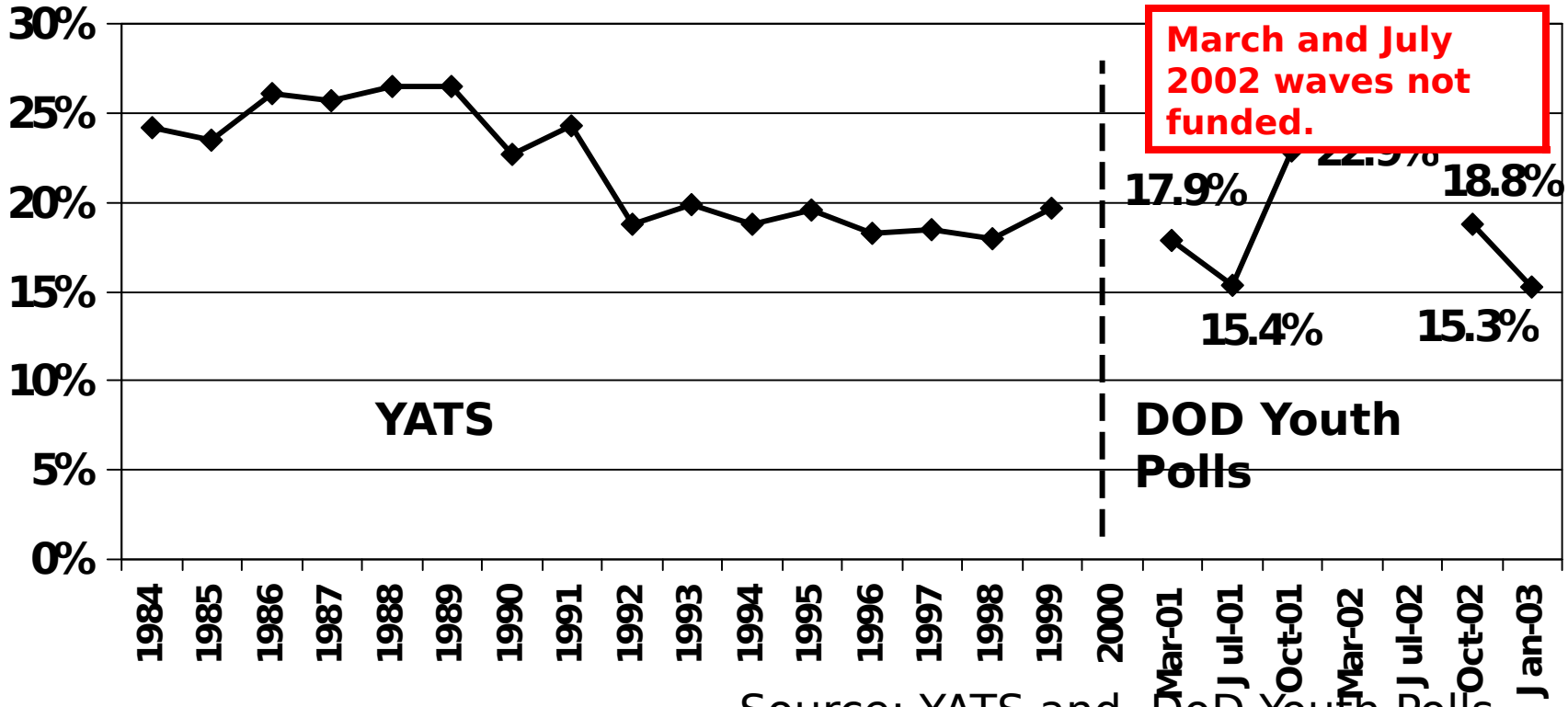
Military Propensity

Based only on the question "how likely is it you will join the military."

It is difficult to estimate long-term effects of the War on Terror. However, as it continues, anticipate a decline in propensity to pre-war levels.

Positive Propensity for Active Duty Service

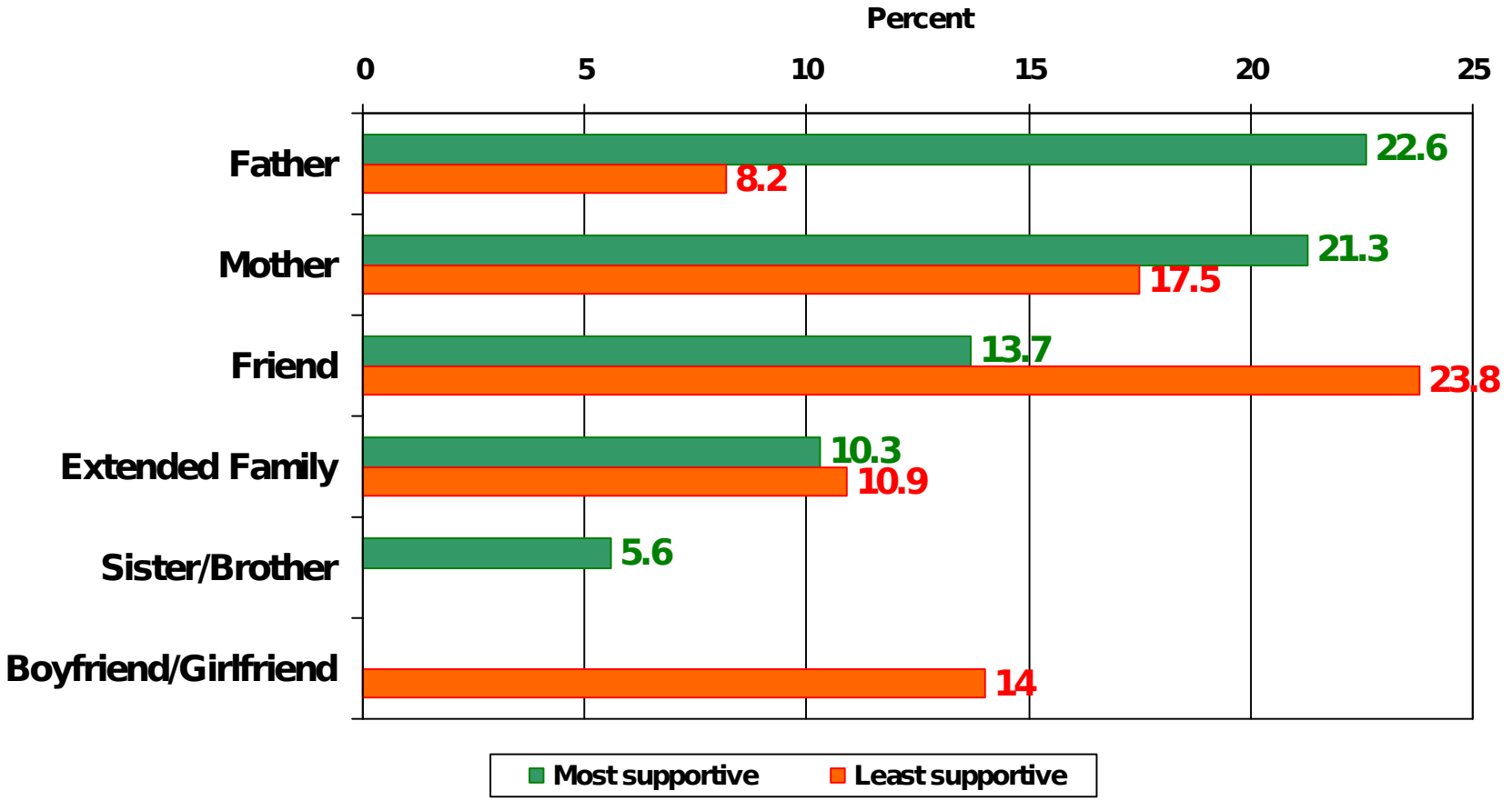
(Men 16-21 Years Old)



Source: YATS and DoD Youth Polls

Influencers

Most/Least Supportive

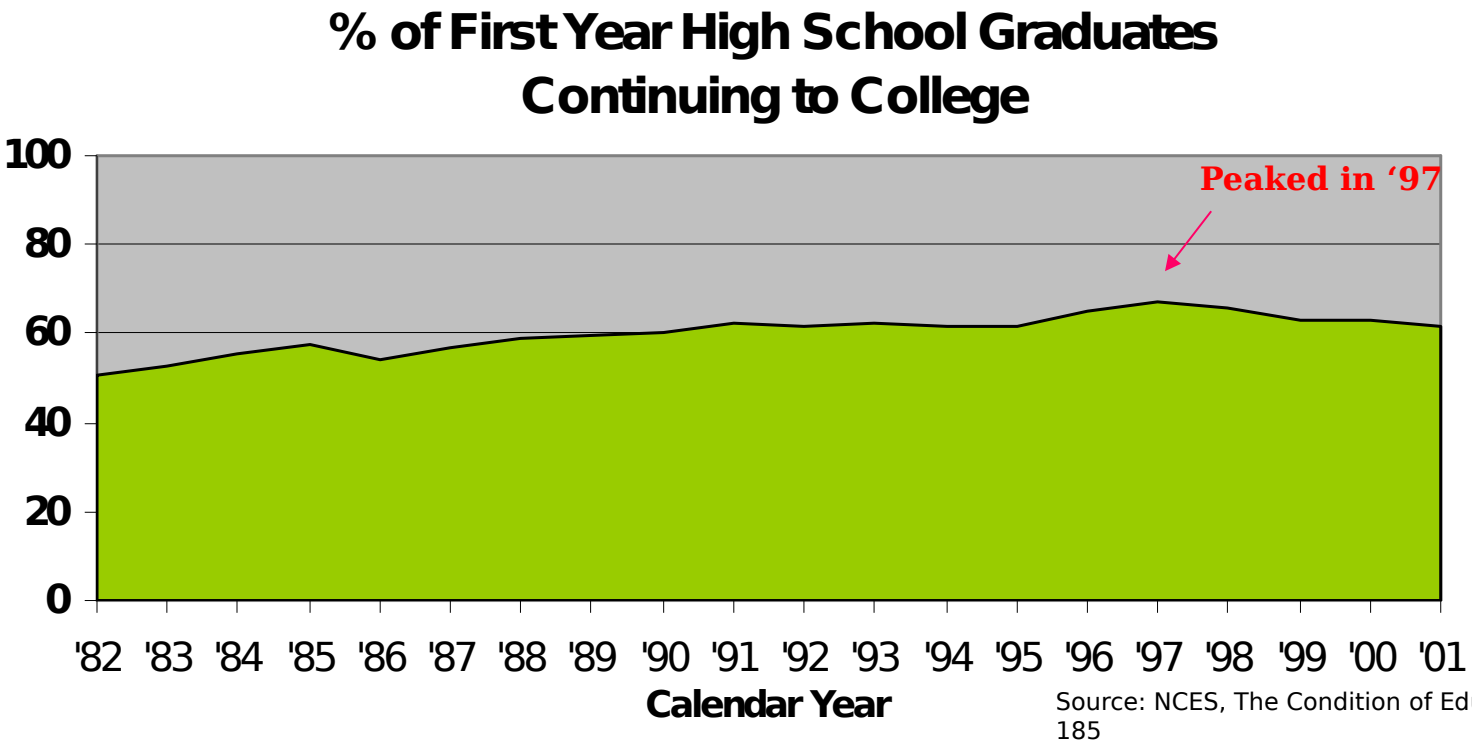


**Mothers most supportive for African-American youths

Source: FY '03 New Recruit Survey

Educational Environment

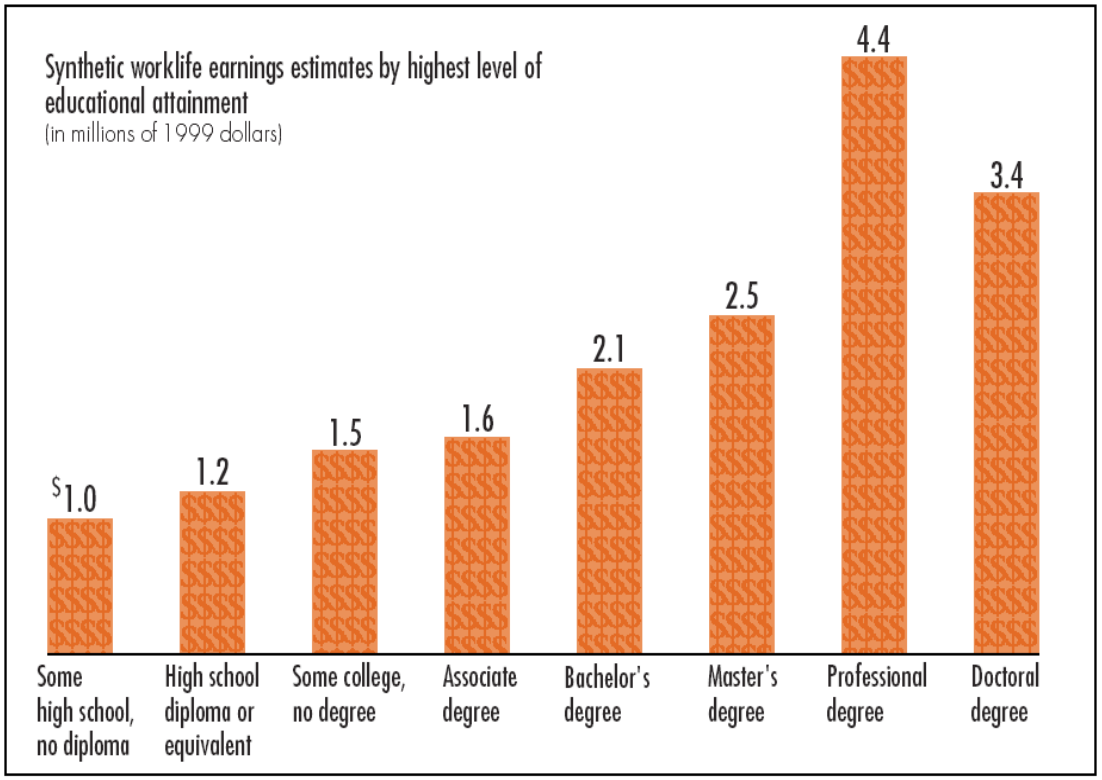
- Increasing numbers of funding opportunities (from both private sector and government) for college-bound youth - but more in the form of Loans.
- College continuation rates remain high, but have likely peaked/stabilized - over 61% of graduating high school seniors continue to college in the fall. But, College stop-out rates/volume also remain high/stable - highest rates at 2-yr institutions (*over 48%); largest volumes at 4 yr. institutions*.


% of First Year High School Graduates Continuing to College
100
80
60
40
20
0
Peaked in '97
'82 '83 '84 '85 '86 '87 '88 '89 '90 '91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01
Calendar Year

Source: NCES, The Condition of Education, Table 185

Education / Economic Success

Education Will Continue as the Most Important Success Driver



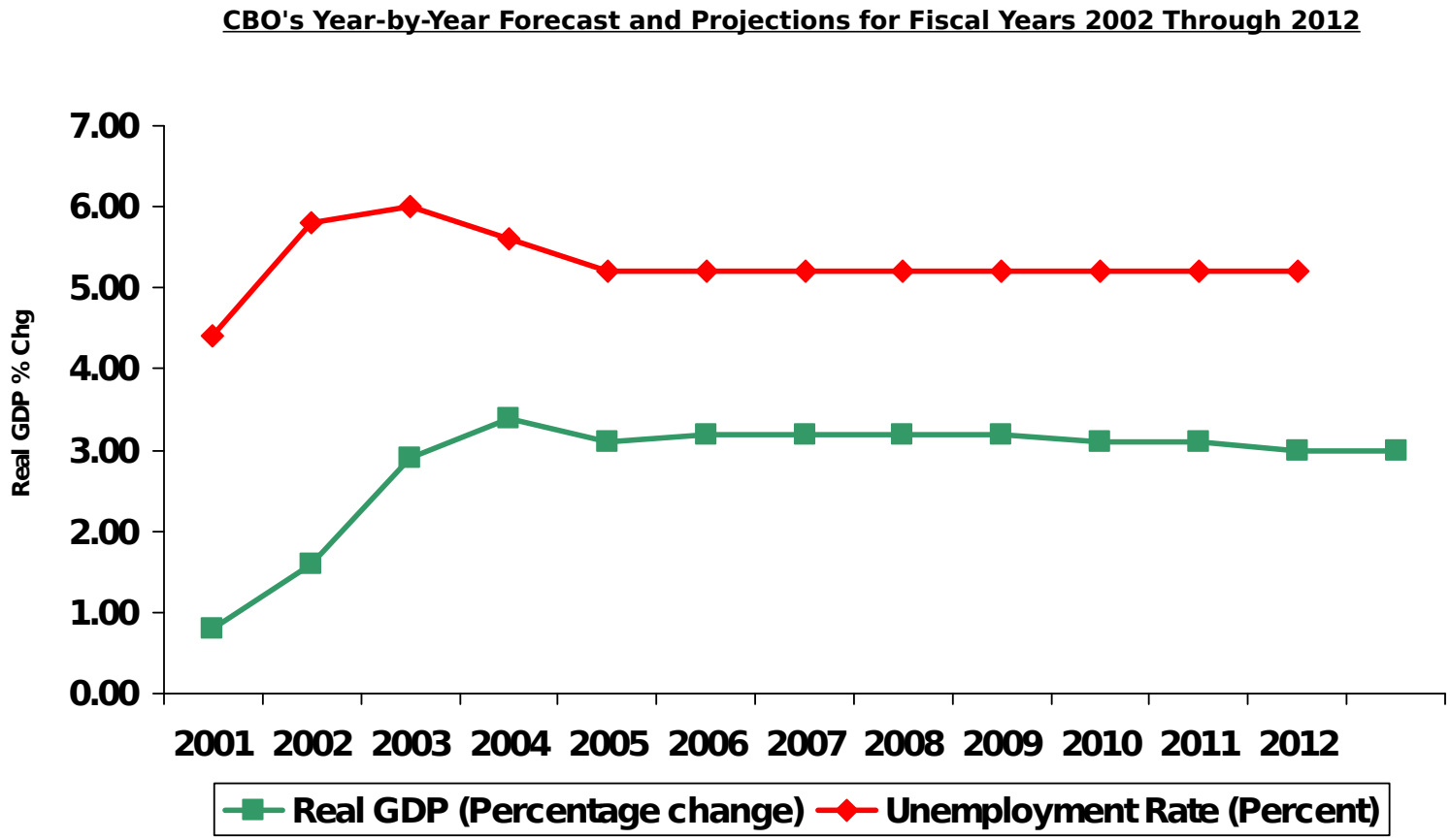
Source: U.S. Census Bureau, "The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings," Current Population Reports, P23-210, by Jennifer Cheeseman Day and Eric C. Newburger, available via a link at **www.census.gov/population/www/socdemo/educ-attn.html**. Data are from March supplements to the Current Population Survey, 1998-2000.

Note: Earnings estimates are for full-time, year-round workers and are based on 1997-99 work experience. "Synthetic" work-life earnings estimates are created by using the working population's 1-year annual earnings and summing their age-specific average earnings for people aged 25 to 64. The resulting totals represent what individuals with the same educational level could expect to earn, on average, in today's dollars during a hypothetical 40-year working life.

General Economic Environment

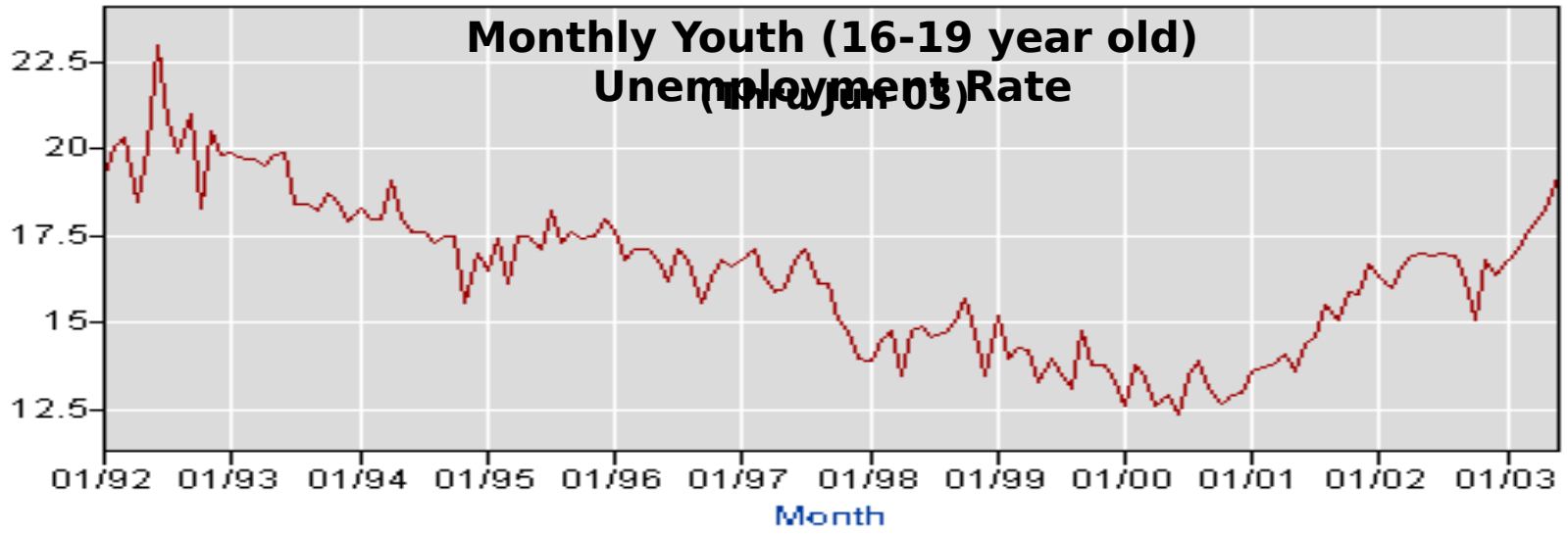
Mild recession (2001) plus Sept. 11th caused U.S. Economy to slow-down

Economy Will Improve and Then Stabilize



Youth Economic Environment

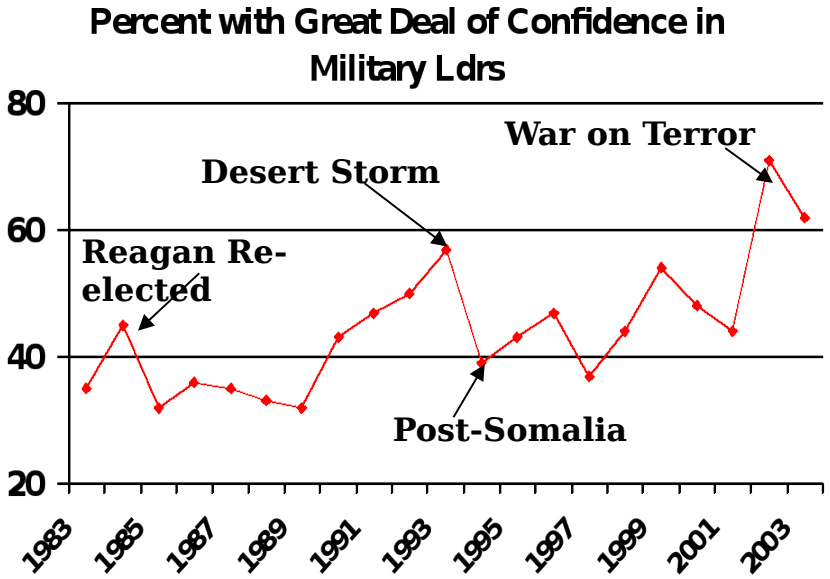
- Youth unemployment since 2000 has increased steadily at a rate of 2% each year.
- Near term: Weaker youth labor market with higher unemployment (highest Youth Unemployment since 1993).
- Job Security: This is the first economic downturn that the current youth cohort has experienced; therefore, youth / college markets *may* value *job security more highly* when looking for employment. But some reports & surveys indicate that these markets are not aware of the recession.
- Expected Economic Recovery - benefits nation, however many studies (Rand, Early-Warning System) indicate that there is a lag in effect when it comes to recruiting



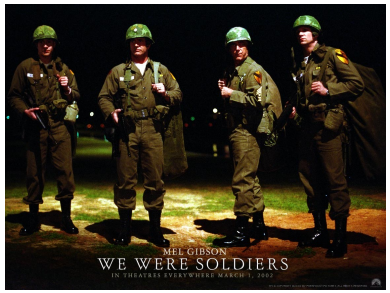
Source: Bureau of Labor and Statistics

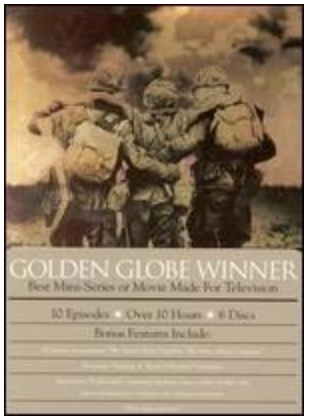
Social Environment

- Since 9-11, public confidence in the military at highest level. Expect high level for at least as long as public support of war is high.
- Extensive media coverage of Operation Iraqi Freedom increased public awareness and interest in military
- Public support of Army / propensity historically decline as hostilities lengthen and *success / validity* of the campaign is questioned..
- People generally respect those who serve in the military, but are not inclined to join the military.



Source: Harris Interactive



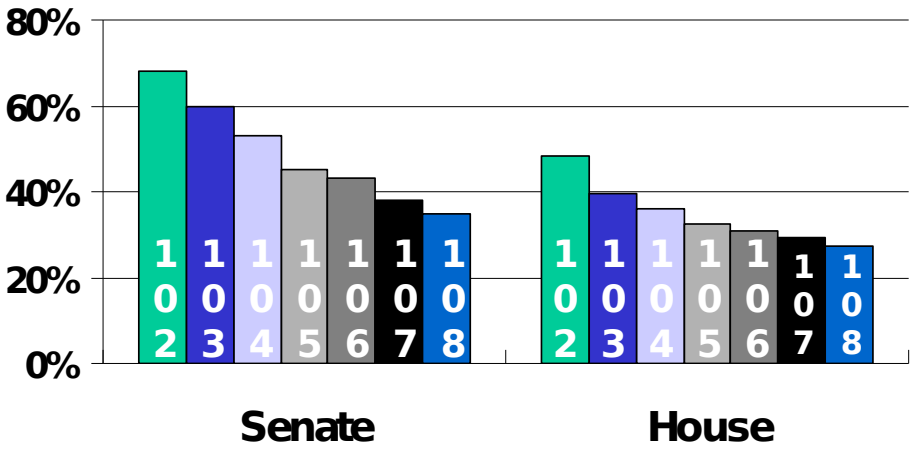


Source: Official Movie Web Sites

Political Environment

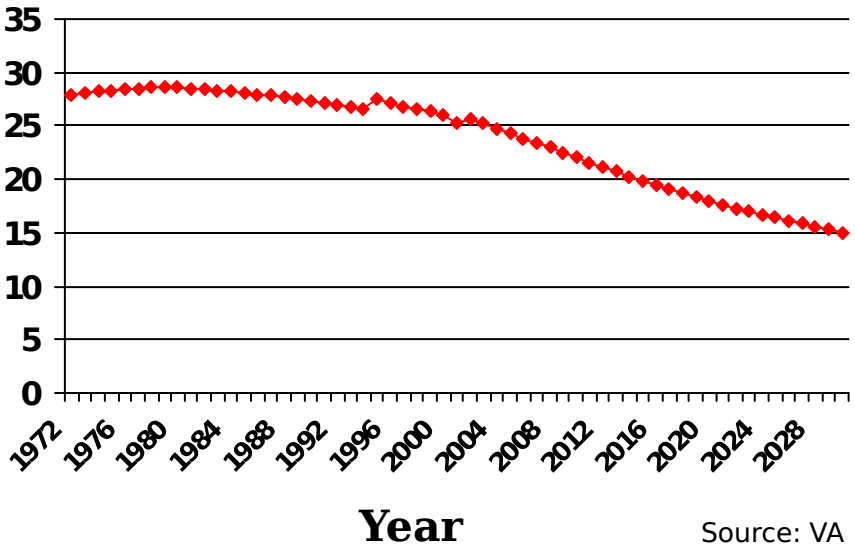
- Veteran Representation among Politicians and in the population as a whole is declining.
- Congressional Support for a Stronger Military: Has increased as a result of the attacks of 9-11, the War on Terror, and Operation Iraqi Freedom.
- FY03 Budget: Bush administration requesting $379.9B for the FY04 budget a 4.2% increase in spending over the FY03 budget.

Congressional Representation (Veteran)



Source: Congressional Research Service

Total Veteran Population (Millions)



Source: VA

Media Habits

- TV = #1 Means of reaching youth (nearly 59% of teens rely on TV to keep informed).
  - Males: ESPN = favorite network; Comedy Central = close second.
  - Females: MTV = favorite network; Disney Channel = second.
  - Favorite Shows:: "The Simpsons" and "Friends"
  - ABC: "Whose Line is it Anyway" and "The Drew Carey Show" have made ABC the #2 non-cable network among the youth pop.
  - African-American youth's top shows: BET's "106 and Park" and "One on One".
  - Hispanic youth's top shows: "The Simpsons" (even more so than Caucasians) and "Friends".

- Radio = #2 Means of reaching Youth.
  - Overall favorite format: C*urrent hits*, *hip-hop/rap (#2), alternative* (#3).
    - Country music places 6th in popularity overall.
  - Caucasian youth: Favor *Country* & C*lassic Rock* more so than minority youth, but still favor *Current Hits*, *Hip Hop/Rap*, *Hard Rock* and *Alternative* the most.
  - African-American and Hispanic youth: Favor *hip-hop/rap* and *R&B*.

Source: TRU Spring '03, which reflects what youth say they watch / prefer, not necessarily what they

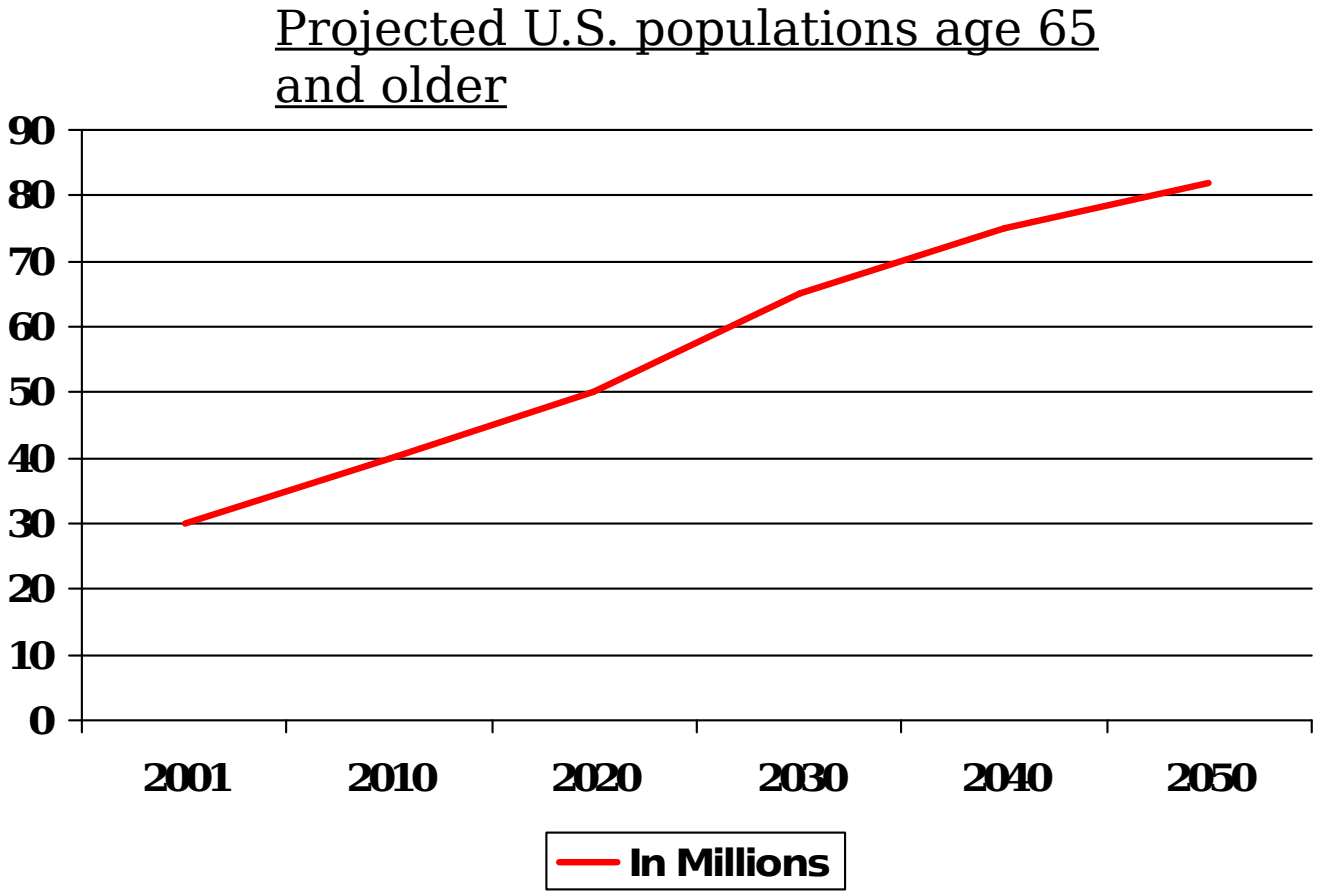
Media Habits (continued)

- Magazines: Traditionally most effective with females.
  - Female favorites: *Seventeen*, *Teen People*, and *YM*.
  - Male favorites: *Sports Illustrated*, *ESPN*, and *Gamepro,* and *Maxim* .

- Internet: #3 for Males (ahead of magazines); #4 for Females (after magazines)
  - Main usage (youth): Email, Instant Messaging, music, and playing games.
  - Favorite web site: Yahoo is favorite for males and females.
  - AOL and MSN are the primary ISPs.

Competitive Situation

Competition for "Highly Qualified" Young Adults Will Increase as the Aging "Boomers" Retire



"Almost half the Federal Government's 1.8 million workers will be eligible to retire within five years."

Source: Time Magazine, May 6, 2002

Competitive Situation
(Sister Services)

- **<u>Recruiting remains highly competitive</u>.**
  - USMC was only service to increase FY03 contract mission from FY02.
  - All services have had contract mission reductions during FY03.
  - Quality mark achievement is high: Army, AF, and Navy have increased I-IIIA percentages from YTD FY02, Army and AF have also increased HSDG percentages; USMC has not improved quality mark achievement but are still above goals.
  - AF and Navy have reduced average monthly OPRA recruiter strength from FY02; Army, AF, and Navy all project further recruiter reductions for FY04.

- **USMC is only service to increase VOL contract production and increase VOL Market Share through May FY03.**

- **Army is only service to increase GA contract production and GA Market Share through May FY03, other services have shifted emphasis to the SA market.**

- **All services have increased SA contract production but other services have increased far more than has Army.**

Competitive Situation

(College, Industry)

- College remains option of choice for graduating high school seniors and is the largest barrier for service in the Active Army for the youth market.
- Industry remains as a significant competitor with regard to pay and benefits. The military does have an advantageous "vacation" package (30 days' leave).

Uniformed Services (Army, Navy, Marine Corps, Coast Guard)

- Money for College, College Credits Earned thru MOS or Tuition Assistance
- Global Assignments
- Housing / Transportation
- Uniforms & Equipment
- CY03 Salary / Cash Bonuses
  - $1151/mth (E1 >4 months)
- Job (Full Time Soldier)
- Medical Benefits (Tricare, Dental)
- Retirement Benefits / TSP
- Annual Leave

Industry & Academia (Metropolitan College & UPS Partnership)

- Full or Partial Tuition Assist, Advisors and Tutors, Flexible Class Schedules
- Work & School Close to Home
- Housing / Transportation
- Uniforms & Equipment
- $8.50 per Hour (Starting)/Bonuses)
  - $1496/mth (22 days/8hrs per day)
- Job (UPS Part Time)
- 100% Paid Medical Benefits
- 401K Plan (Stock Market)
- Paid Vacation & Holidays

Demographic Profile: FY03 Applicant

RA

- Total Contracts: 92,613
- Male (80.0%)
- White (64.7%)
- African Am (16.4%)
- Hispanic (13.4%)
- API/Other (5.4%)
- Single (83.2%)
- Seniors (18.7%)
- Average Age: 21.3 yr
- Education: 12.2 yr
- TSC I-IIIA: 73.7%
- Average AFQT: 61.8
- Average GT: 107.7
- Term: 3.88 yr
- CONT. DEP: 4.6 mo

USAR

- Contracts: 26,820
- Male (72.3%)
- White (60.1%)
- African Am (20.6%)
- Hispanic (13.4%)
- API/Other (5.9%)
- Single (81.1%)
- Seniors (13.3%)
- Average Age: 22.3 yr
- Education: 11.8 yr
- TSC I-IIIA: 68.9%
- Average AFQT: 61.1
- Average GT: 107
- Term: 5.63 yr

Based upon Command Volume contracts

Source: Data Warehouse as of 30Sep 03